

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 XMB-02 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 OPIC-03

/032 W

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P 050840Z SEP 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 0132

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DEPARTMENT PASS EXIM

EO 11652: N/A

TAGS: EAIR EFIN ID

SUBJ: PAN AM OBJECTION TO TIE-IN WITH

BAYU AIR ON EXIM FINANCED CARGO

1. LOCAL PAN AM REP JOHNSON TOLD EMBASSY SEPTEMBER 5 THAT PAN AM PROPOSES TO BRING 900,000 POUNDS OF COMMUNICATIONS EQUIPMENT TO JAKARTA FOR HUGHES AIRCRAFT CO, IN CONNECTION DOMESTIC SATELLITE GROUNDS STATIONS. JOHNSON MET WITH AIR TRANSPORT DIRECTOR RISAKOTTA TO DISCUSS THIS MOVEMENT AND WAS TOLD THAT GOI WANTS TO SUPPORT NEW INDONESAN CARGO CARRIER BAYU AIR. JOHNSON WAS ASKED TO CONTACT BAYU AND LED TO BELIEVE THAT PERMITS FOR PANAM FLIGHT WOULD NOT BE GRANTED UNLESS BAYU INCLUDED IN MOVEMENT. HE WAS ALSO TOLD LUFTHANSA HAD MADE INITIAL AGREEMENT WITH BAYU TO CARRY COMMUNICATIONS EQUIPMENT FROM PHILLIPS CO, GERMANY, TO INDONESIA; THIS SUBSEQUENTLY CONFIRMED BY LUFTHANSA.

2. JOHNSON MET WITH BAYU--A BRAND NEW OUTFIT, WITHOUT ANY AIRCRAFT, RUN BY INDIVIDUAL SAID TO HAVE HIGH GOVERNMENT CONNECTIONS. WHAT BAYU BASICALLY WANTS,

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JOHNSON SAYS, IS 10 PERCENT OF FULL CHARTER PRICE ON

ALTERNATE FLIGHTS PLUS ITS NAME OF AIRCRAFT. IN
RETURN BAYU WILL OBTAIN PERMITS AND DO PAPERWORK AND
GROUND HANDLING--SERVICES WHICH JOHNSON SAYS ARE WORTH
\$300-\$400 PER FLIGHT AS AGAINST \$5,000-\$6000 PER FLIGHT
WHICH BAYU WOULD COLLECT UNDER 10 PERCENT ARRANGEMENT.

3. JOHNSON REPORTED FOREGOING TO PAN AM HEADQUARTERS
WHICH HAS EVIDENTLY DECIDED NOT TO AGREE TO WORK WITH
BAYU BUT TO INSIST ON A FULLY PAN AM OPERATION.
HEADQUARTERS HAS CABLED JOHNSON:
QTE: AS WE UNDERSTAND DETAILS OF FINANCING
PROVIDED HUGHES BY EXIMBANK, ALL CONTRACTS MUST
BE WITH US FLAG CARRIERS AND ON THROUGH US-
FLAG CARRIER AIRWAY BILL LOS ANGELES-JAKARTA.
THEREFORE, NOT FEASIBLE FOR BAYU TO CONTRACT WITH
HUGHES AS SUGGESTED. END QUOTE.

4. PAN AM ACCORDINGLY IS ASKING EMBASSY TO INTERCEDE
WITH GOI CIVIL AVIATION AUTHORITIES ON BASIS EXIMBANK
REQUIRES THAT ONLY US FLAG CARRIERS CAN BE USED.

5. EMBASSY WOULD LIKE TO HELP PAN AM AVOID APPARENT
ILL-DISGUISED TAKE OFF. ON BASIS INFO AVAILABLE HERE,
HOWEVER, WE ARE UNABLE TO CONFIRM THAT EXIM REGULATIONS
OR AGREEMENT WITH HUGHES PRECLUDE BAYU ARRANGEMENT
DESCRIBED ABOVE.

6. ACTION REQUESTED: PLEASE ADVISE URGENTLY WHETHER WE
CAN INTERCEDE WITH GOI ON BASIS EXIM REQUIREMENTS OR
ON SOME OTHER BASIS. AT STAKE IS MOVEMENT OF TENS OF
MILLIONS OF DOLLARS WORTH OF EQUIPMENT NEEDED PROMPTLY
IF GROUND STATION CONSTRUCTION SCHEDULE IS TO BE MET.
NEWSOM

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